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gas explosion in its history, which resulted in more than 100 deaths. The investigation committee found out that the main cause of the accident was a mistake made by management, which had carried out "production emulation" at the cost of labor safety.[18]

V. WAGES AND PURCHASING POWER

In the early period of the Communist regime, apart from individual adjustments, no significant change in the wage system was made. In order to insure the stable income of the working class against the fluctuation of commodity prices, wages at first were calculated in terms of some essential commodities such as rice or millet. In Central-South China the wage-unit system was put into practice in March 1951. The Central-South Military and Political Committee issued the decree on "Measures Concerning the Calculation of the Wage Unit in the Central-South Region" on March 11, 1951, according to the Yangtze Daily. One wage unit in this region was worth the sum of the retail values of the following daily necessities of which the government had control.

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18. Ibid., June 15, 1950, p. 34.

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Food grain	0.80 catty*
White cotton cloth	0.20 ch'ih#
Edible oil	0.05 catty
Salt	0.02 catty
Coal	2.00 catties

* one catty = 1.1 lb.
\# one ch'ih = 1.09 ft.

The money value of the wage unit was announced daily by the local People's Government. It was first quoted[19] at 2,348 yuan (old currency) on March 15, 1951. The average gross earnings[20] for each worker were 190.02 units per month, which amounted to 427,165 yuan in money value (about US $18,70).[21]

The Chinese Communists had not overlooked the direct effects of the wage system on labor productivity. They thought that a wage system based only on time lacked incentive to make workers work harder. They adopted an Eight-Grade System in the Central-South in 1952. The workers were classified into eight grades according to their skill. In this region, the lowest grade worker earned 100 to 137 wage units per month, while the highest grade earned 381 units per month as the basic wage.[22]

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19. Yangtze Daily, March 15, 1951, p. 1.
20. Ibid., Sept. 29, 1951, p. 2.
21. One U.S. dollar was quoted in the Canton Daily at 22,890 yuan on March 19, 1951.
22. Kung-tzu Ch'ang-shih Chiang-hua [Lectures on Wages], published by the Central-South Wage Reform Committee, Hankow, 1952, p. 17.

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The relative levels of basic wages in the Central-South in 1952 compared with the average basic wages in all industries were: 465

Industries	Index
Cotton textiles	135.32
Tobacco	132.85
Coal mining	110.20
Iron and steel	101.79
Non-ferrous metals	86.51

The Central-South Region is one of the principal centers of China's light industries. The workers in the cotton textile and tobacco factories are the highest paid among the working population. This situation, however, is more common in Wuhan and Canton than in other cities in this area.

The Communists claimed that labor productivity had increased since the adoption of the Eight-Grade Wage System in Central-South China, because workers had more opportunities to advance to a higher grade and earn more pay. For instance, one month after the adoption of the new wage system in the Ch'i-i Factory in this region, labor productivity increased 20 per cent.[23] In a bookstore in Nanchang in Kiangsi Province, all books about machines were sold out a few days after the new wage system was put into practice in this city. The 465 461

23. Ibid., p. 21.

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Communists said the workers became more ambitious and wished to improve their technical knowledge in order to earn more pay.

The Communists told the workers that it was to their advantage to produce more in order that all of the people could share the increase. But according to Communist statistics for 13 major enterprises in Central-South China, the value of production increased 88 per cent in 1951 in comparison with that of 1950, while wages increased only 13.29 per cent in the corresponding period.[24] Increase in wages was far behind the increase in production.

After the reform of the wage system in 1952, the wage level in Central-South China increased 15 per cent in comparison with that of 1951. The average number of wage units each worker earned per month was raised from 190.02 in 1951 to 218.52 in 1952. One unit[25] was quoted at 2,168 yuan (old currency) in September 1952. The average basic money wage for each worker per month grossed 473,751 yuan (about US$ 20.10).[26]

According to the Communists, the increase of wages in China today is not the result of an effort to keep pace with the rise of commodity prices but represents a real increase in the workers' living standard. They reported that in Central-South

24. Ibid., p. 5.
25. Yangtze Daily, Sept. 1952, p. 2.
26. One U. S. $ was quoted as 20,040 yuan in Canton Daily, Sept. 2, 1952, p. 4.

1:Stanford U. S-4, 5 1956 AF14 Central China AF14

the people's purchasing power had increased 30 per cent[27] in 1952 in comparison with that of 1950. In the spring of 1953 the sales of commodities such as cotton underwear, woolen cloth, socks, toothpaste, rubber shoes, and thermos flasks in the State department store in Wuhan were one to four times more[28] than those in the spring of 1952.

Besides the basic wages, the workers earn additional income through piece-rate payments, bonuses, and participation in production contests. On the other hand, gross income is subject to various deductions in union fees, "voluntary" contributions, and purchase of government bonds. The last item is a kind of compulsory savings imposed upon the workers by the government to prevent inflation and to cover up the fact of undersupply of consumers' goods in Communist China. When the Chinese People's Government issued Victory Bonds in 1950, 30,000 points[29] were allocated to Central-South China. Party members and cadres of trade unions advised workers to buy bonds. The floating of National Reconstruction Bonds in 1954 again absorbed one portion of the increase in wages. Accordingly, Communist reports of the rise of the living standard of the Chinese working class are open to suspicion.

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27. Ching-chi Tao-pao [Economic Bulletin], Hong Kong, Feb. 24, 1953, p. 10.

28. Ibid., Sept. 8, 1953, p. 5.

29. Cf. Workers' Daily, Dec. 31, 1949, p. 1. One point represents the total value of 6 catties of rice, 1 catty of flour, 4 ch'ih of cotton cloth, and 16 catties of coal. (One catty = 1.1 lb., one ch'ih = 1.09 feet.)